Small and smart?

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Propositions for the thesis

Small and smart?

An exploratory analysis of economic institutional choices of small countries and territories in the Caribbean

By Edwina E. Pereira

1. Caribbean small open economies choose exchange rate stability instead of price stability as monetary policy goal, because they have no control over the domestic inflation rate as a consequence of their size.

2. Importing institutions from advanced economies could be a recipe for failure in Caribbean small open economies.

3. Being a small country or territory is not a liability, provided that the country or territory has inclusive institutions and policies nurturing economic resilience.

4. The exchange rate regime determines monetary policy in Caribbean small open economies.

5. Measures of economic resilience should account for institutional quality of monetary policy.

6. Small countries have better economic and political institutions than bigger countries to compensate for their size constraints.

7. There are no significant differences between monetary policy institutions of sovereign Caribbean countries and those of politically dependent countries and territories in the Caribbean.

8. Players of the game are as important as the rules of the game.